



USAID/Philippines Initiatives and Activities with the Private Sector

1. Microenterprise Access to Banking Services in Mindanao (MABS)

The MABS program is a USAID-financed effort jointly implemented by the Office of the Presidential Advisor for Regional Development (OPARD) and the Rural Bankers Association of the Philippines (RBAP). The MABS-M program is one of the principal elements of USAID/Philippines' efforts to accelerate the economic transformation of Mindanao through expanded participation of Mindanao's lower income groups in more productive activities.

Major Program Activities include:

- Designing and implementing training and other technical assistance programs intended to help develop the capability of participating banks to profitably serve the microenterprise sector.
- Providing needed assistance to develop the capability of the RBAP to mount a continuing program of assisting its member banks to profitably service the microenterprise sector.
- Identifying governmental policies and practices which may be inappropriately acting as hindrances to the expansion of banking services to the microenterprise sector, and supporting efforts to make policy makers aware of the inappropriate policies, and more desirable alternatives.

THE MABS PROGRAM HAS BEEN VERY SUCCESSFUL. AS OF 31 JULY 2001, A TOTAL OF 60 RURAL BANK UNITS WERE PARTICIPATING IN THE PROGRAM. AMONG THEM, THESE BANK UNITS HAD PROVIDED MICRO-LOANS TO A TOTAL OF SOME 18,000 MICRO-BORROWERS, AND WERE HANDLING THE DEPOSITS OF SOME 45,000 NEW MICRO-DEPOSITORS. FURTHER, THE EXPERIENCE OF THE PARTICIPATING BANKS HAS BEEN SUFFICIENTLY SUCCESSFUL THAT VIRTUALLY ALL OF THEM HAVE DECIDED TO MAKE PROVIDING SERVICE TO THE MICROENTERPRISE SECTOR A PERMANENT AND SUBSTANTIAL PART OF THEIR BUSINESS. ALSO, AS HAD BEEN HOPED, THE SUCCESSFUL EXPERIENCE OF THE PARTICIPATING BANKS CLEARLY HAS CONVINCED OTHER RURAL BANKS THROUGHOUT THE COUNTRY THAT SERVICING THE MICROENTERPRISE SECTOR IS A SMART THING TO DO, AND SCORES OF ADDITIONAL BANKS ARE CLAMORING TO BE ALLOWED TO PARTICIPATE IN THE PROGRAM.

2. Governance Initiatives with the Makati Business Club

One of the best examples of corporate responsibility is the Makati Business Club. The Makati Business Club is a private, non-stock, non-profit business association representing over 400 of the largest corporations in the Philippines. It has long been an advocate of reform. The Makati Business Club recognizes that an open, honest system of government is good business: it provides an environment in which both domestic and foreign investment can flourish, and historically, a rapid growth in investment has provided many profitable business opportunities.

USAID, through a grant to the Asia Foundation, supports some Makati Business Club activities through a program called "Transparent Accountable Governance." For example, recently, the Makati Business Club and The Asia Foundation sponsored meetings on how drug money influences politics. In order to draw attention to the issue of corruption, it has regularly provided a forum for discussion of the Social Weather Station's surveys on corruption. It operates the TAG web site (www.tag.org.ph) which contains current information on corruption in the Philippines as well as instructions on how to report corrupt practices.

3. Energy Reform Coalition

With the passage of the Electricity Industry Reform Act, the country's energy sector is now positioned to have open and fair competition in the generation and distribution of electricity and thus lower energy rates. Because of the complex nature of the energy reform, DOE and USAID agreed to undertake a proactive information, education and communication campaign in partnership with civil society, independent power producers, electric utilities and local/ foreign chambers of commerce. Led by the Washington Sycip Policy Forum, 18 organizations coming mostly from the private sector, academe and consumer groups, organized the "Consumer Coalition for the Power of Choice." The coalition conducted a transparent consultation process wherein all the stakeholders had the opportunity to express their concerns and issues in passing a good bill.

Equally important was the promulgation of the Implementing Rules and Regulations (IRR) to ensure successful implementation. Over 18 nationwide and sectoral consultations were conducted for an expeditious and transparent consultation on the IRR. The DOE and USAID launched a Consumer Action for Reform in the Energy Sector (CARES) program with 11 universities nationwide to promote consumer education and civic action in monitoring the restructuring of the energy sector under the Act. CARES will be expanded to include the private sector to promote more consumer activism that will ensure the best electric service at the least cost.

4. Renewable Energy Private Sector Partnership

The Global Development Alliance-Renewable Energy Alliance Program (GDA-REAP) aims to promote partnerships between USAID and the independent power producers and renewable energy developers, to help the GOP promote a sustainable RE development program for poverty alleviation. The private sector will install the hardware while USAID will establish community participation in rural off-grid communities using renewable energy (RE) systems. This partnership will highlight the social responsibility of corporations in a sustainable missionary electrification.

5. Vehicle Emissions

The Program on the Reduction of Vehicle Emissions primarily supports increased public awareness, promote policies and necessary civic actions to reduce vehicle emissions. The program seeks viable solutions to reduce hazardous vehicle emissions from the transportation sector by supporting a coalition of the automotive industry, fuel producers, transport operators, NGOs, media and government sectors. Under this program, USAID will support advocacy and action from the coalition to reduce excessive air pollution that affects the public health of urban dwellers specifically the urban poor.

6. Environment Management System: Greening the supply chain.

Under the Industrial Initiatives for Sustainable Environment Program, USAID is promoting the use of Environment Management System (EMS), a tool used by organizations to identify and reduce environmental impact of industrial production, reduce costs and increase profits, and gain ISO 1401 certification (standards for environmental management). More than 290 companies, including member companies of the American Chamber of Commerce, Employees Confederation of the Philippines, Clark Development Corporation and Aboitiz Group of Companies have committed to implement the EMS. Five multinational corporations (MNC) are greening the supply chain by promoting environment management systems (EMS) and imposing environmental conditions on the products and processes of 65 suppliers of these MNCs. The MNCs have considerable influence on greening the supply chain because they can choose suppliers who comply with environmental regulations. As an example, Ford Motor Company is a pioneer in promoting good corporate governance by integrating Environment Management Systems into its procurement process. By utilizing its strong partnership with its suppliers, Ford is now able to incorporate environmental considerations into the manufacture of its automobiles. Another pioneer in greening the supply chain is Nestle/Philippines.

7. Community-based Compliance Environmental Monitoring

Under the ARMI (Assistance for Resource Monitoring and Information) project, USAID supports community-based compliance environmental monitoring through a grant to NGOs that work with business and communities to prevent industrial pollution. The partner NGOs work with San Miguel Corporation and Chamber of Commerce in Davao City to organize and promote a community-based, multisectoral environmental monitoring council. The council, DAGAT-CARE, monitors industries along Davao Gulf, and their recommendations serve as the basis for issuance of barangay permits. Firms such as San Miguel Corporation, Coca-Cola Bottlers Philippines, Alcantara and Sons, DOLE/Stanfilco, and Davao Union Cement form the industry cluster of DAGAT-CARE. Their activities for the council include Waste Exchange Program, Best Practices Awards for Compliant Industries, and community outreach initiatives to promote environmental awareness.

8. FriendlyCare Clinics

The FriendlyCare Foundation, Inc. (FCFI), a non-stock, non-profit private-sector family planning and health organization was established in April 1999 by a group of Filipino business leaders with USAID support. FriendlyCare clinics deliver a full range of high-quality family planning and reproductive health services to lower and lower-middle income Filipino families at affordable prices through a nationwide network of facilities (seven at this time), introducing the concept of payment for services and expansion of non-governmental sources of family planning services. FriendlyCare clinics also offer other services to draw clients and improve sustainability such as: family health services; obstetrics and gynecological services; and laboratory and diagnostic services. Its network of clinics is being strengthened by affiliating private sector clinics, with doctors, nurses, midwives and a corps of community-based workers.

9. Well-Family Midwife Clinics (WFMC).

To further increase private sector family planning and maternal health services, USAID supports the network of Well-Family Midwife Clinics. The program aims to increase family planning services and expand maternal and child health services by using a restructured franchise-type model clinic. Among the important components of the project are: (1) provision of appropriate and cost-effective business management and clinical training to midwives; (2) establishment of a consortium of NGOs to maintain the quality of the services and the brand over the long term; and (3) integration of commercial contraceptive and marketing activities into the franchise clinic network. There are 240 such clinics all over the country.

10. LGU Guaranty Corporation (LGUGC)

LGUGC was a logical outgrowth of two trends in the development of local finance in the Philippines: the development of local government capacity to manage local projects, and the monopoly on IRA deposits enjoyed by the few Government Financial Institutions. Local governments needed access to wider capital markets; but the private banking sector had no effective connection with them. LGUGC is designed to bridge that gap. The specific impetus for LGUGC came from the Bankers Association of the Philippines (BAP)- a quasi-formal association of the approximately 50-60 private (i.e., non-GFI) banks in the Philippines. BAP established LGUGC in 1997, with 49% of its stock held by 22 separate banks, and the remaining 49% by the Development Bank of the Philippines. The purpose of LGUGC is to offer guarantees to private investors/lenders on local infrastructure projects that meet its underwriting criteria. Included in such underwriting criteria is screening that will result in a uniform system of local government unit (LGU) risk-rating in the Philippines. Over time, it is expected that the LGUs will take necessary actions to receive a favorable risk-rating and design self-liquidating infrastructure projects that meet the needs of the people. LGU finance initiatives will be enhanced by a combination of more creditworthy municipalities and more replicable, sustainable self-liquidating infrastructure projects that repay debt in a timely manner. USAID provided technical assistance to help establish LGUGC as well as credit guaranty assistance.